

**Massachusetts Port Authority
Board Meeting**

March 21, 2024



MASSACHUSETTS PORT AUTHORITY

Public Comment

Chair's Comments

MASSACHUSETTS PORT AUTHORITY

CEO Report
Interim CEO Ed Freni

Massport Goals – FY 2024

1. Ensure safe and secure facilities
2. Generate economic impact for the Commonwealth
3. Enhance the customer experience
4. Improve financial and operational performance
5. Embed DE&I into our organizational DNA
6. Advance our environmental leadership
7. Bring about digital transformation
8. Maintain strong relationships with business partners, customers, stakeholders, elected officials, surrounding communities and employees

Warren Fields was the special guest at Massport's Black History Month Celebration



JetBlue launched its new Boston-Dublin service providing more low-fare service options for passengers traveling to/from Ireland

- Daily seasonal service began March 13 and will operate through September 30, 2024
- Flights are operated with the 160-seat Airbus A321NEO
- Passengers from Dublin can conveniently connect to other JetBlue destinations served from Logan
- JetBlue joins incumbents Aer Lingus and Delta Air Lines in the Boston-Dublin market



Two local restaurant concepts opened in Logan Airport creating a sense of place for local and visiting passengers and elevating the passenger experience

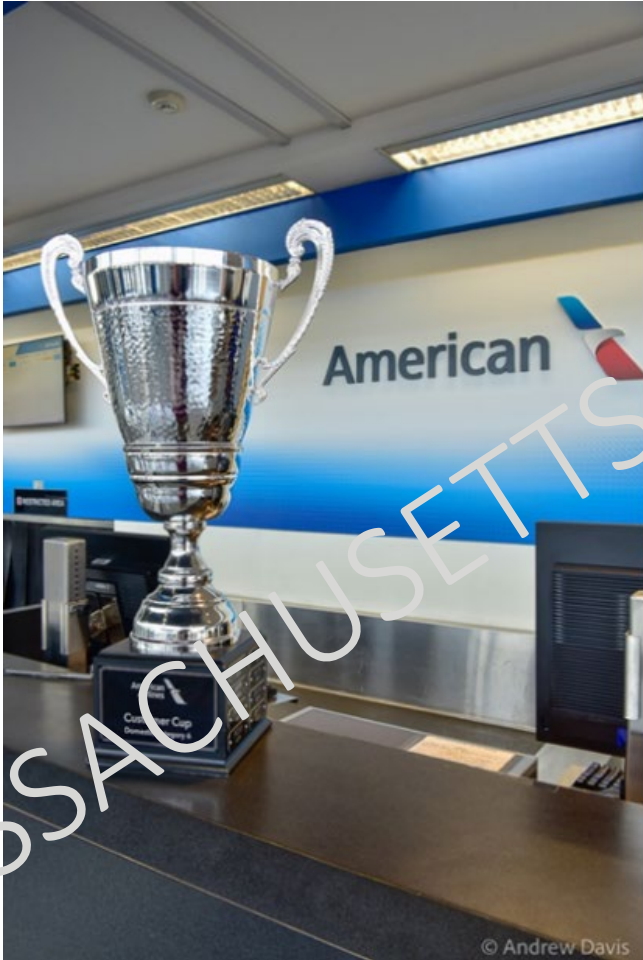
- **Fox & Flight** opened in Terminal A



- **Cisco Brewers** opened in Terminal B, Pier A



Worcester Regional Airport was awarded the American Airlines Customer Cup



Financial Performance: January 2024

Activity Highlights

- Logan served 2.7M passengers
- Conley Terminal processed 11,900 containers
- Real Estate revenues exceeded plan by \$0.6M
- Expenses were \$5.2M above budget

Financial Results

Revenues	\$95.4M
Expenses	<u>(\$86.4M)</u>
Contribution	\$9.0M

January net contribution will be used to fund the FY24-28 Capital Program including Net Zero initiatives and HOV enhancements

FAA announced Airport Infrastructure Grants for Worcester Regional Airport and Hanscom Field

Worcester Regional Airport

- \$1.3M for Runway 11-29 EMAS Replacement

Hanscom Field

- \$1.0M for Runway 5-23 Rehab
- Funding is from the FAA Airport Infrastructure Grant program
 - \$15B 5-year program (FY22-FY26) funded by the BIL
 - Grants are formula driven



Federal Aviation
Administration

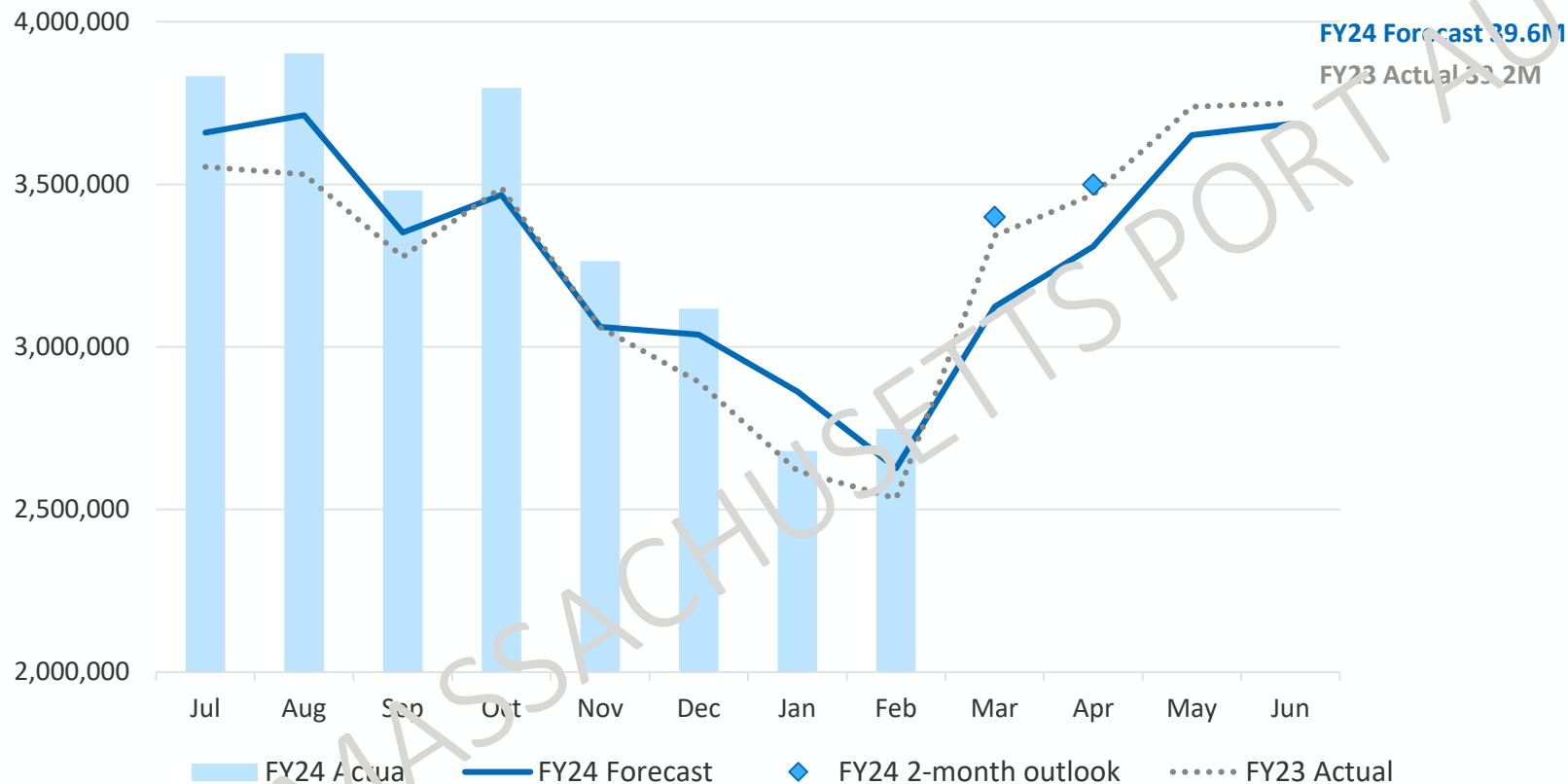
Bipartisan Infrastructure Law - Airport Infrastructure

**BUILDING BETTER
AIRPORTS ACROSS AMERICA**

\$15B

Logan passenger activity is exceeding forecast as the economy continues to outperform prior expectations

Logan Passengers
Actual vs. Forecast and Prior Year



Passenger Activity vs Forecast

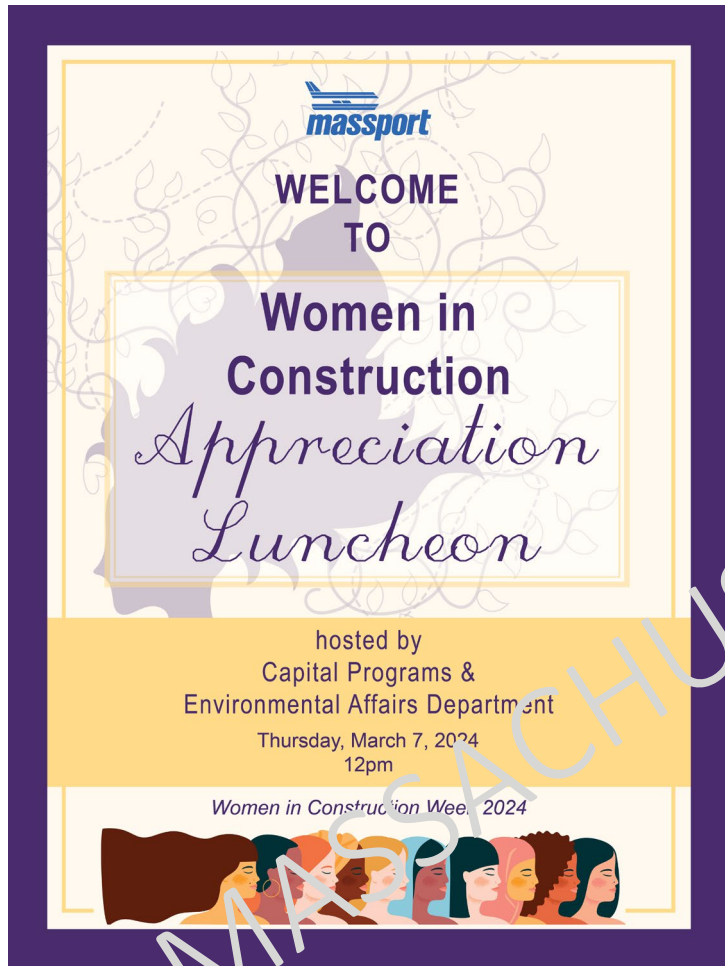
- February: +5%
- FYTD: +4%

Outlook

- Summer demand looking strong
- Business travel back but below pre-pandemic levels
- Airlines face aircraft supply challenges: delayed aircraft deliveries and P&W GTF engine recall; pilot shortage mitigating
- FAA faces air traffic controller shortages
- Economy likely to avert a recession in 2024 but growth expected to slow



Massport celebrated Women in Construction Week



Report of the Director of Aviation
Ed Freni

Logan Airport had a robust February propelled by school vacation travel

Logan Activity Summary February 2024

	Month	Prior Year	% Change Over Prior Year	FYTD 2024	FYTD 2023	% Change Over FYTD 2023
Passengers	2.7M	2.5M	8.6%	26.8M	25.0M	7.5%
Aircraft Operations	27.9K	28.0K	-0.4%	257.0K	260.0K	-1.2%

Delta Air Lines announced new service from Boston to Honolulu, starting next winter



- Daily flights will be operated with 216-seat Boeing 767-300ER aircraft
- Seasonal service will launch Nov 21, 2024 and operate through Apr 30, 2025 with expectation of a year-round service in the future
- Service demonstrates Delta's commitment to Boston

"It's a big statement when you start to have nonstops to Honolulu out of Boston. Honolulu is the ultimate example of our commitment to the city." – Charlie Schewe, New England Director of Sales, Delta Air Lines

Spirit and Frontier Airlines are also adding domestic services at Logan

spirit

- Five new routes from Logan:

Starting April:

- Charleston
- Houston
- Norfolk

Starting May:

- Baltimore
- Newark



FRONTIER
AIRLINES

- Three new routes from Logan:

- Raleigh/Durham, starting April (seasonal)
- Cincinnati, starting May
- San Juan, starting June (seasonal)



Worcester Regional Airport passenger volume increased by 40% in February due to school vacation travel and new nonstop service to Fort Myers

February 2024

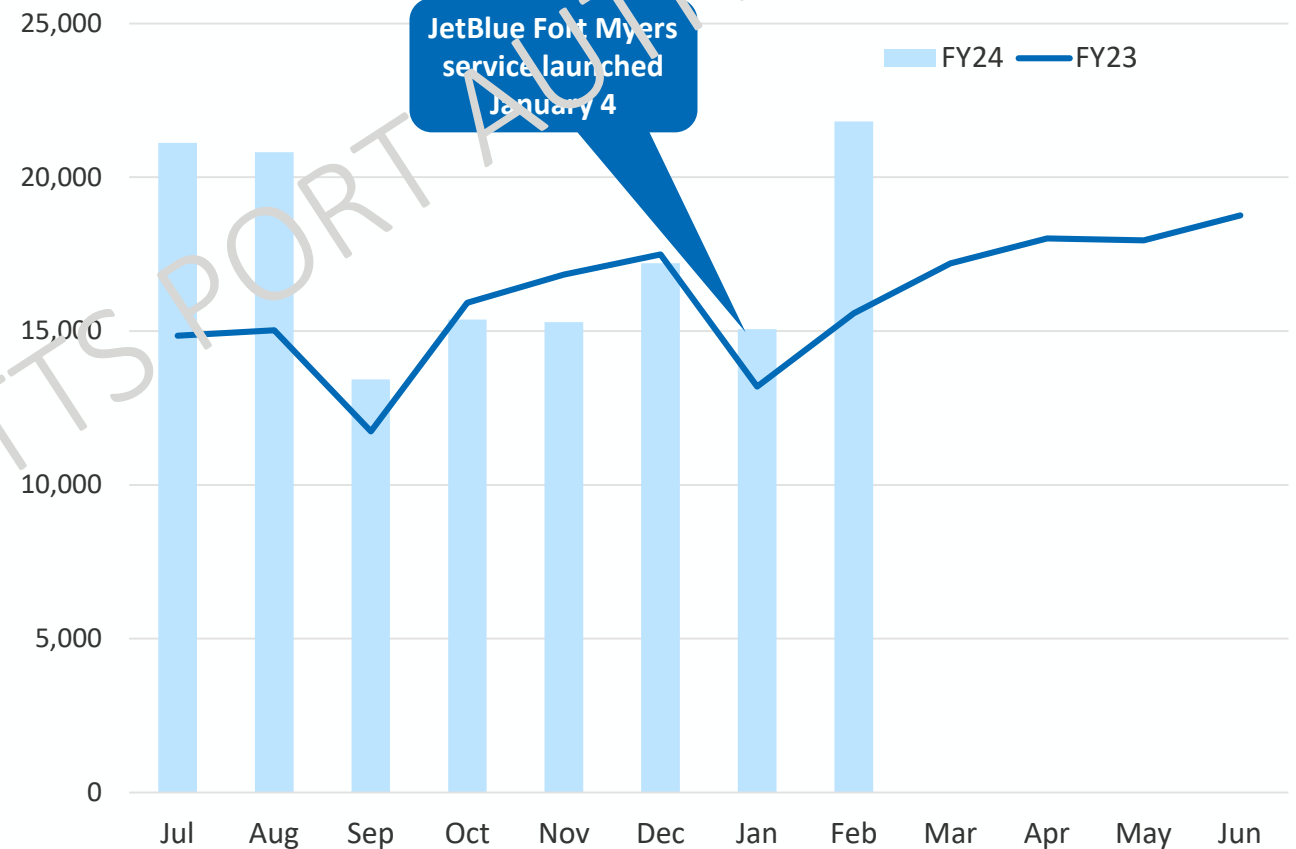
- 21,800 passengers - up 40% over 2023

FYTD 2024

- 140,100 passengers - up 16% over FYTD 2023



Worcester Regional Airport Passengers



Massport will run an April School Vacation campaign urging Logan passengers to use HOV modes to/from the airport

Print

The Boston Globe
Boston Herald

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1,607 · 112 Comments · 32,254 Views

Like Comment Share

Radio



Worcester Regional Airport campaign highlights the convenience of using the local Worcester Airport for April Spring Break travel

Print

TELEGRAM
& GAZETTE
Community
Advocate

FLY SMARTER THIS SPRING BREAK

Daily Flights to NY and Florida

fly direct to Fort Lauderdale, New York, and Orlando

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worcester regional airport
POWERING WHAT'S POSSIBLE

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Worcester Regional Airport
Sponsored

This spring break, fly direct to NYC, Orlando, Fort Lauderdale, and seasonal service to Fort Myers.

DAILY FLIGHTS TO ORLANDO, FORT LAUDERDALE AND NYC

flyworcester.com
\$7 daily parking
Plan your trip

Learn More

1,607 - 112 Comments - 32,234 Views

Like Comment Share

Billboard

DAILY FLIGHTS TO FLORIDA AND NYC
FlyWorcester.com

jetBlue

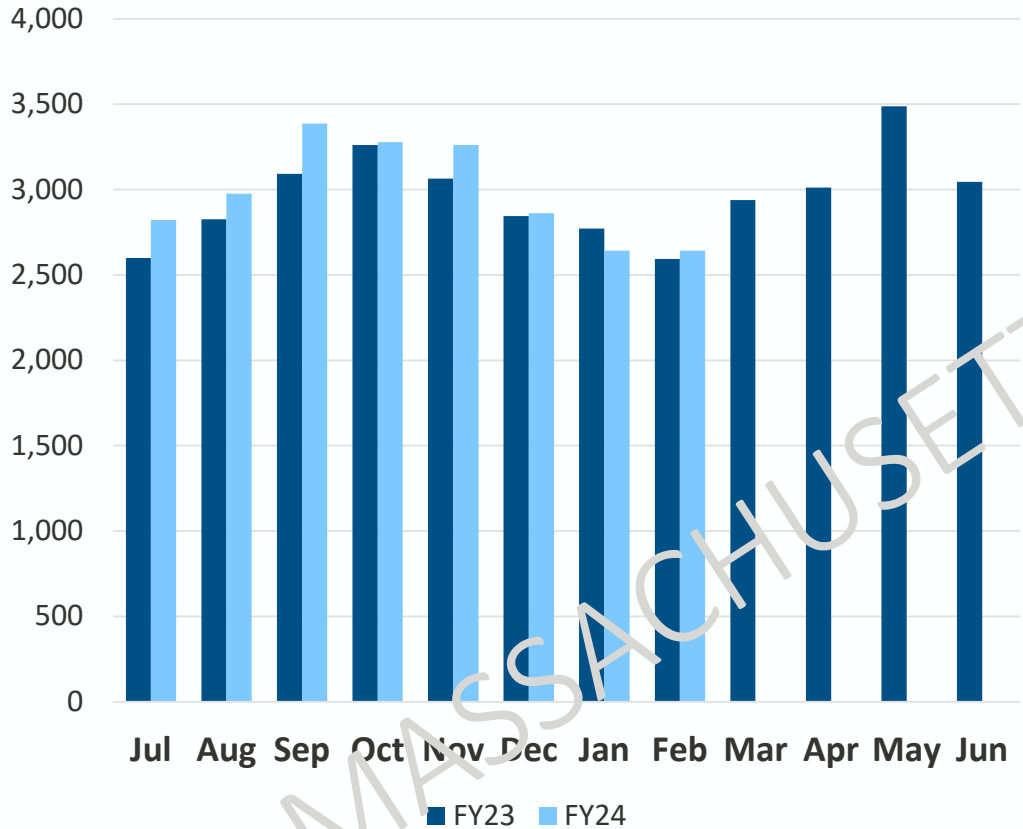
worcester regional airport

Radio



Hanscom Field activity for February was 27% higher than the prior year due to more favorable weather

Hanscom Field
Jet Operations



February Activity:

	Jets	Total
Operations	2,600	9,200
Chg vs 2023	2%	27%
Chg vs 2019	6%	6%

FYTD 2024 Activity:

	Jets	Total
Operations	23,900	81,300
Chg vs FY23	4%	1%
Chg vs FY19	18%	3%



Report of the Director of Maritime
Joe Morris

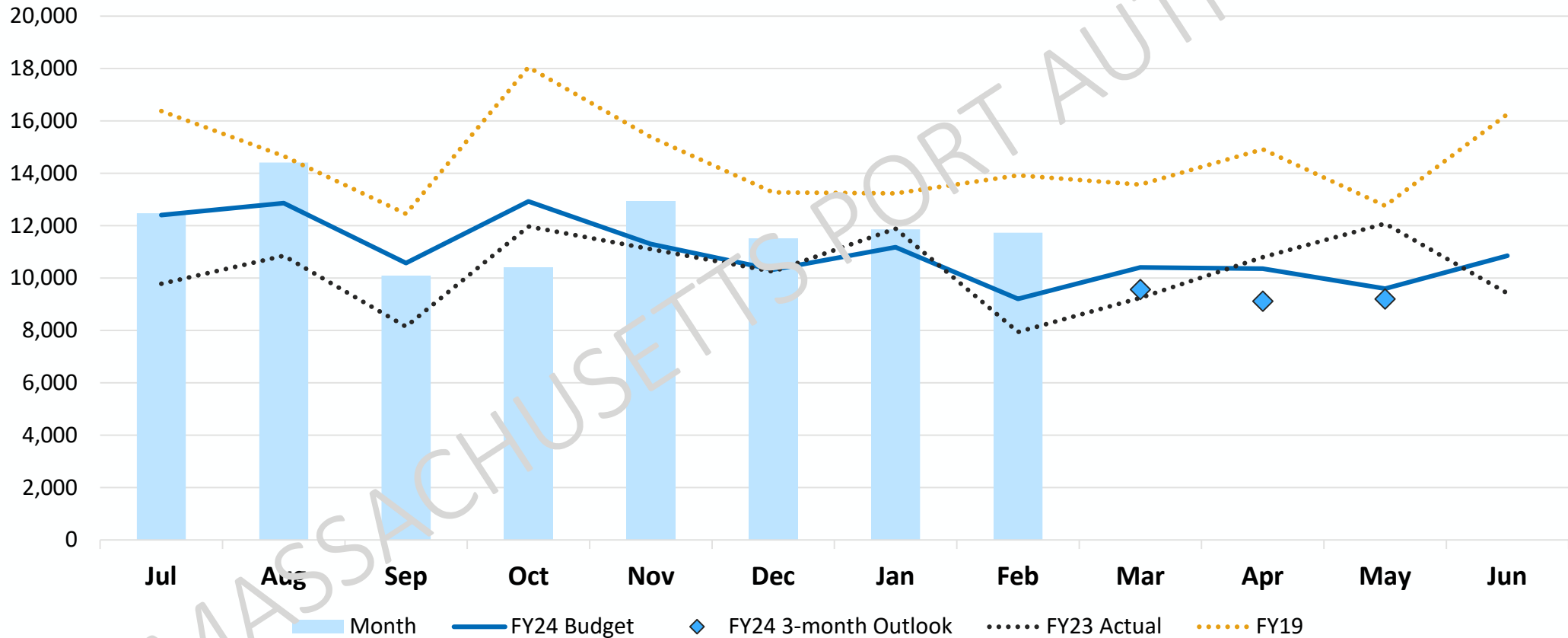
Conley Terminal recently welcomed *MSC Kayley*, the largest ship ever to call Boston



- The 15,000+ TEU vessel called Conley Terminal on March 19, 2024
- 1,576 TEUs were loaded onto the vessel

Conley Terminal handled over 11,700 containers and 17 vessels in February

Conley Terminal Container Volumes
Actual vs Forecast



OCEAN Alliance carriers extended their partnership through March 2032



- The OCEAN Alliance expects to have the greatest number of east-west trade loops, with 40 across its network
- The OCEAN Alliance will offer a capacity of 4.3M TEUs, accounting for 16% of global capacity



A new Wave Season marketing campaign for Flynn Cruiseport Boston launches this month for the upcoming cruise season

Cruise Kick Off Print Ad

CRUISE 2024 BOSTON BERMUDA CANADA & BEYOND

BERMUDA

- NORWESJIAN** Cruises Ltd. **Northern Gem**: 7-day round-trip to Bermuda (Sept 27, Oct 4, 11, 18, 25), 7-day round-trip to Bermuda to Bahamas (Sept 27, Oct 4, 11, 18, 25), 7-day round-trip to Bermuda to Bahamas (Sept 27, Oct 4, 11, 18, 25)
- OCEANIA CRUISES** **Merida**: 7-day round-trip to Bermuda (Sept 27, Oct 4, 11, 18, 25)

CARIBBEAN

- NORWESJIAN** Cruises Ltd. **Northern Gem**: 7-day round-trip to Bahamas/Panama Canal (Oct 4, 11, 18, 25)

TRANSCONTINENTAL

- Holland America Line** **Vedatzen**: 10-day round-trip to Europe (Aug 27, Sep 3, 10, 17, 24, 31)
- Holland America Line** **Zauberlin**: 7-day one-way to Bahamas (July 20, 27, 3, 10, 17, 24, 31)
- Holland America Line** **Zauberlin**: 7-day one-way to Bahamas (July 20, 27, 3, 10, 17, 24, 31)
- Holland America Line** **Vedatzen**: 24-day round-trip to Iceland (July 27, 3, 10, 17, 24, 31)

REPOSTONING

- Celestix Cruises** **Celestix Cruise**: 10-day one-way to Florida (Oct 4, 11, 18, 25)
- Holland America Line** **Zauberlin**: 14-day one-way to Florida (Nov 1, 8, 15, 22, 29)
- WINDSTAR CRUISES** **Star Pride**: 11-day one-way to San Juan (Oct 2, 9, 16, 23, 30)
- Holland America Line** **Vedatzen**: 7-day one-way to Panama (Oct 2, 9, 16, 23, 30)

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3 WEEKS OF BLISS BOSTON CARIBBEAN

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Canada/NE Social

Port of Boston 2h

Explore a side of New England and Canada you've never seen before. See our cruise options.

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Flynn Cruiseport Boston for your summer travel

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Book now

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Radio



Strategic Plan

MASSACHUSETTS PORT AUTHORITY

FY24-FY28 Capital Investment Plan

Luciana Burdi

March 21, 2024



Executive Summary

- The FY24-FY28 Capital Investment Plan (CIP) totals \$3.2 billion, a proposed increase of \$500 million
- The rolling five-year plan continues investments in ongoing projects and reflects newly added projects that support Massport's core mission, strategic initiatives and contributions to the Commonwealth's economic growth
- More than one-third of the program is devoted to the necessary maintenance and renewal of Massport's assets
- Investments in attaining Net Zero emissions are embedded throughout the CIP
- Massport will need to continue prioritizing growing capital needs in the face of inflation and escalating construction costs

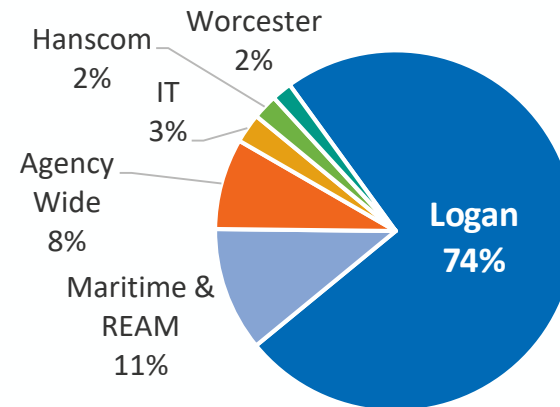
The \$3.2B FY24-FY28 CIP largely continues investment in on-going projects, while advancing new initiatives to maintain assets and support strategic goals

Capital Program by Business Line
(in millions)

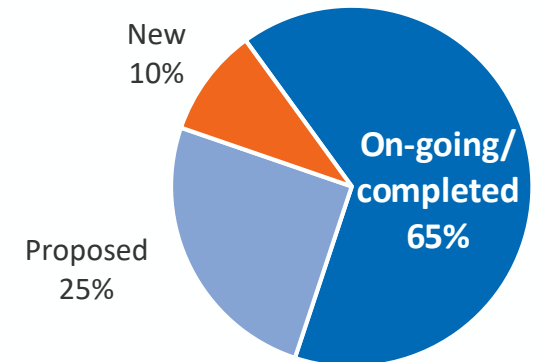
Business Unit	FY24	FY25	FY26	FY27	FY28	Total
Logan	\$398	\$476	\$537	\$564	\$378	\$2,353
Hanscom	\$19	\$25	\$13	\$7	\$7	\$71
Worcester	\$20	\$13	\$9	\$7	\$8	\$57
Maritime + REAM	\$69	\$119	\$84	\$38	\$43	\$253
Agency Wide	\$31	\$75	\$65	\$53	\$30	\$259
IT	\$35	\$28	\$11	\$4	\$6	\$84
Total	\$572	\$736	\$719	\$678	\$472	\$3,177

- \$2.4B represents investment in Logan Airport
- Two-thirds of the CIP, or \$2.1B, represents investment in on-going and recently completed projects
- 25%, or \$800M, is for projects from the prior 5-year CIP that have not yet started
- 10%, or \$309M, is for new projects

By Business Unit

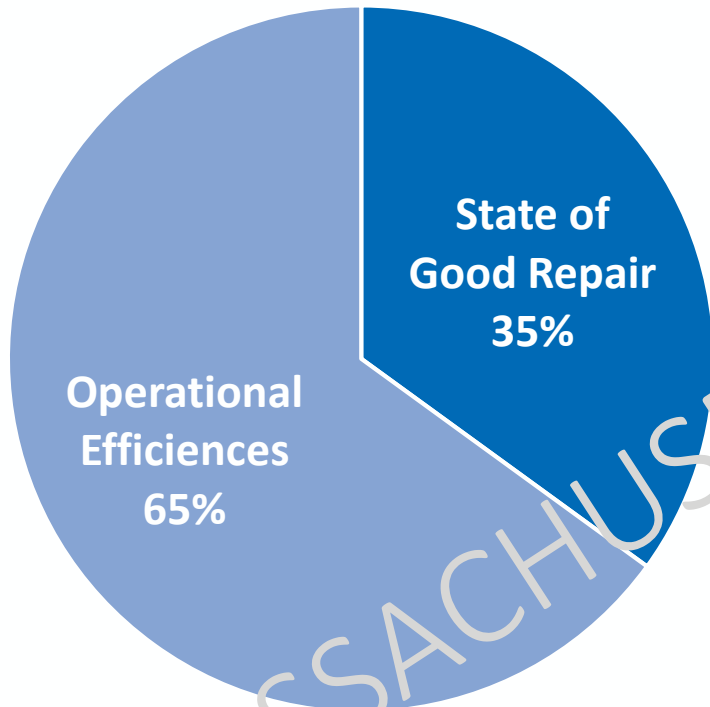


By Project Status

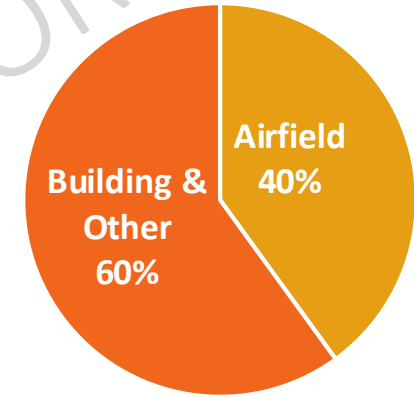


\$1.1B of the FY24-FY28 CIP investment will maintain Massport's assets in a state of good repair

FY24-FY28 CIP Investment by Type of Project



State of Good Repair Projects



ASHRAE Audits: 37 of 176 completed
 Building Inspections: 106 of 176 completed

FUNDING NEEDED TO DATE

\$115M

MICA

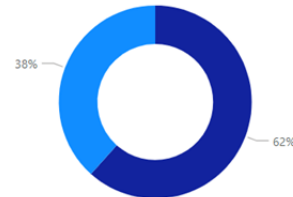
\$71M

ASHRAE

\$44M

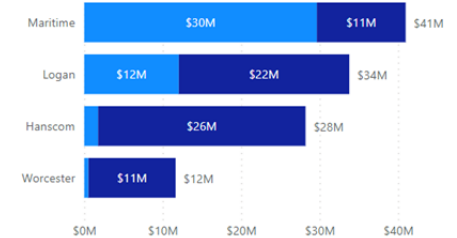
FUNDING NEEDED TO DATE BY TYPE

● MICA ● ASHRAE



FUNDING NEEDED TO DATE BY FACILITY

● ASHRAE ● MICA



The \$500M increase includes new projects, the restoration of projects previously suspended due to COVID financial impacts, and inflation impacts

Representative New Projects

- Terminal E Roadway & Curb
- Massport Infrastructure Conditions Assessment (MICA) & ASHRAE* Improvements (NZ)
- Green Bus Depot Repurposing

Construction Cost Escalation

- 18-20% increase in MA public construction projects over the past 18-24 months
 - Higher wages for trade workers
 - Unprecedented increases in material costs & lead times
 - Added costs from new building & energy efficiency codes

Restoration of Previously Suspended Key Projects

- Terminal E Operational Improvements
- A-B Post Security Connector
- Framingham LEX Garage Expansion
- Flynn Cruiseport Boston Modernization Study

Terminal E Roadway & Curb



\$500M of projects will modernize and optimize Logan's domestic terminals, roadways, and parking to enhance customer service and support economic growth

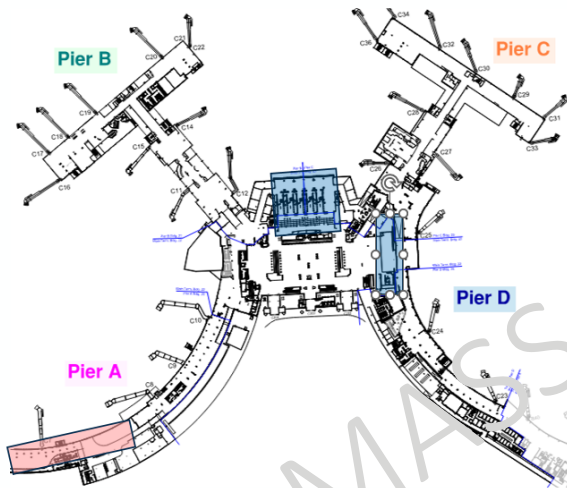
Domestic Terminals

- A-B Post Security Connector (on-going)
- Terminal C Improvements (on-going)
- Airline Relocations (on-going)

Logan Roadways, Curbs and Parking

- Terminal B Roadway & Garage Optimization/HOV (on-going)
- Terminal E Garage (on-going)
- Terminal E Roadway & Curb (new)
- Logan Roadway Rehabilitation (BIL) (on-going)

Terminal C Improvements



A-B Post Security Connector



Terminal B Roadway & Garage Optimization



\$500M⁺ will be invested in airfield safety projects, partially funded with federal AIP and Airport Infrastructure Grants funded by the BIL

Key Airfield Projects:

Logan Airport



Runway 9-27 Runway Safety Area \$109M
(on-going)

Federal Share: 75%

Worcester Regional Airport



Runway 11-29 EMAS \$15M
(proposed)

Federal Share: 90%

Hanscom Field



Rehab Runway 5-23 \$17M
(on-going)

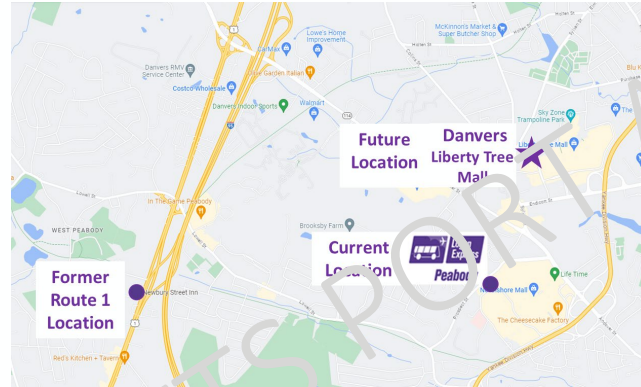
Federal Share: 90%

\$170M⁺ of investment will expand HOV services to move more people in fewer vehicles while reducing Massport's carbon footprint

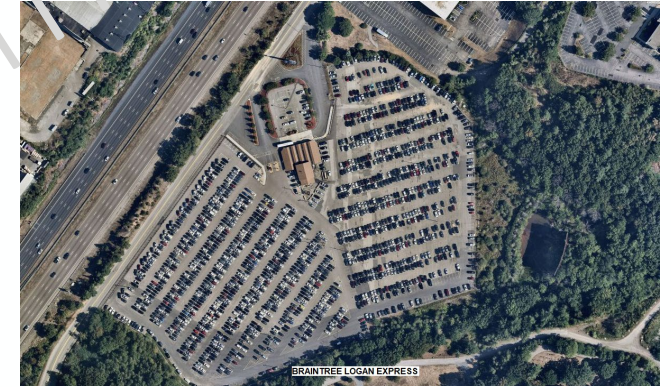
Framingham Logan Express (on-going)



Logan Express Relocation (proposed)



Braintree Logan Express Garage (proposed)



On-Airport Shuttle Bus Replacement (NZ) (on-going)



Mid-life Bus Rebuilds (on-going)

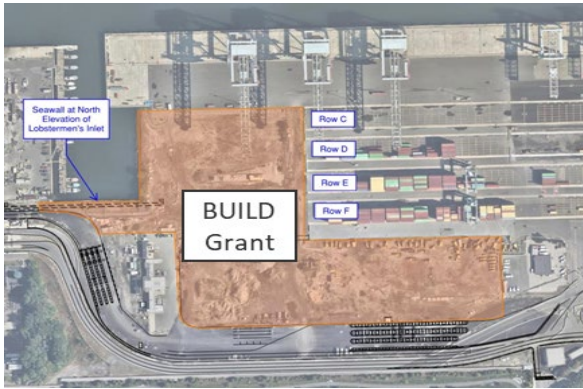


Enhanced Electric Hybrid Buses (NZ) (proposed)



\$360M⁺ of investments support Massport's Maritime mission

Conley Terminal



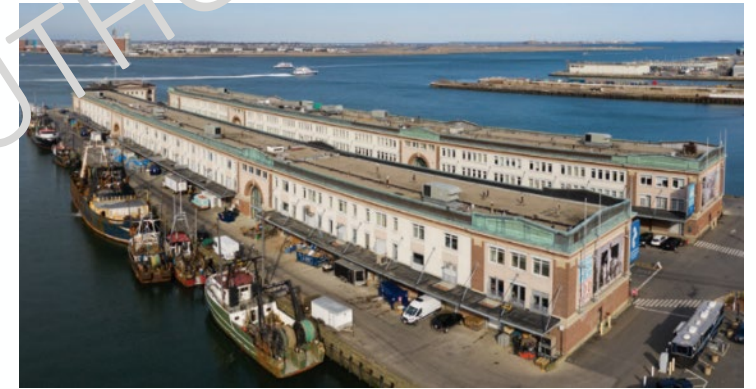
Container Storage (on-going)

Flynn Cruiseport Boston



Cruiseport Pier Rehab (on-going)

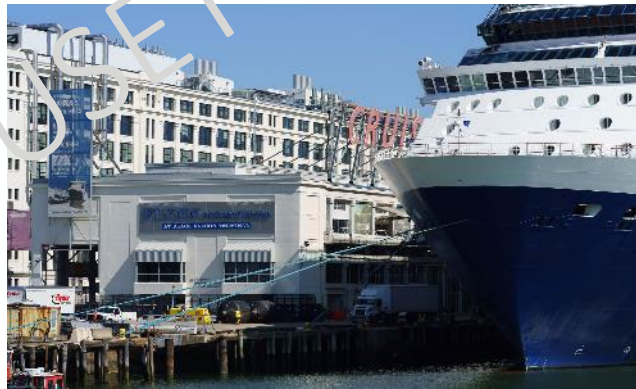
Seaport/East Boston/Other



Fish Pier Roof (on-going)



Hybrid RTG Retrofits (NZ) (on-going)



Cruise Terminal HVAC Upgrades (NZ) (on-going)



Cypher-E Street Freight Corridor* (on-going)



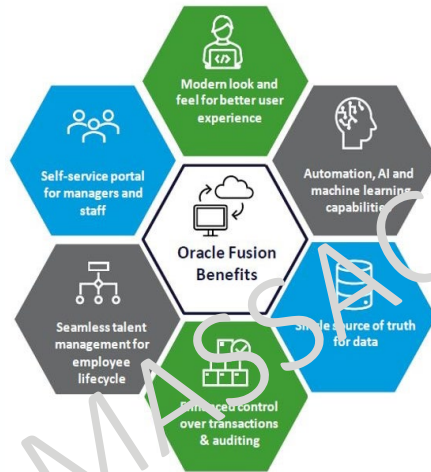
* MassDOT funded

\$80M⁺ will fund technology investments for business efficiency and security initiatives

Efficiency, Business Optimization and Upgrades

- Enterprise Resource Planning (ERP) System Consolidation (on-going)
- Logan Parking Facilities Counters & Signage (on-going)
- Network Switch Infrastructure (on-going)
- Authority-Wide Parking Revenue System Upgrades (on-going)

ERP System Consolidation



Security

- Logan Access Control System Replacement (on-going)
- Cameras, System Enhancement & Upgrades (on-going and proposed)
- Identity Management System Replacement (BOS & ORH) (on-going)
- Radio Communications Equipment (on-going/proposed/new)
- Safety Management System (new)

Access Control/Identity Management System Replacement



Logan Parking Facilities Counters & Signage (example)



The FY24-FY28 CIP reflects \$515M of investments that lay the groundwork for future Scope 1 & Scope 2 GHG reductions in support of Massport's Net Zero goal

Energy Conservation & Efficiency

17,000 to 23,000 MTCO₂e

- Logan EMS & Building Controls Electrify HVAC (*MICA*)
- Building Envelope (*MICA*)
- LED Light Conversions (*all facilities*)
- Retro Commissioning (*all facilities*)

Clean and Renewable Energy Sources

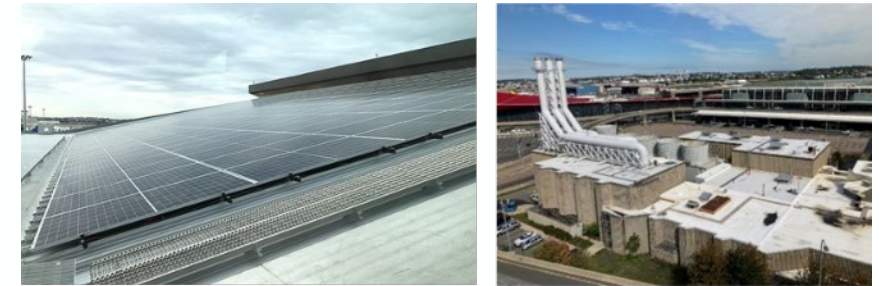
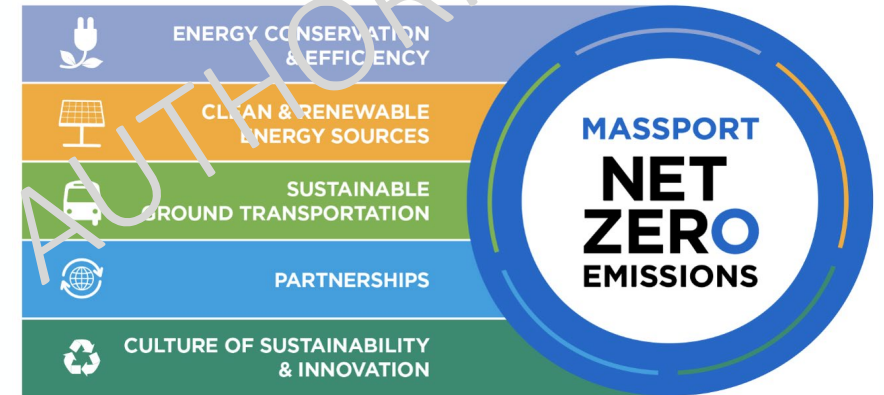
28,000 to 42,000 MTCO₂e

- Logan Central Heating Plant
- On-site Solar

Sustainable Ground Transportation

15,000 to 20,000 MTCO₂e

- Buses (*Logan Express, On-Airport Shuttle, COBUS*)
- Equipment (*Vammas, snow melters, yard tractors*)
- Light Duty Vehicles (*sedans, small trucks, vans, SUVs*)
- Med/Heavy Duty Vehicles (*trucks*)



The CIP leverages \$400M of federal grant funds to help pay for key projects and prioritize financial stability

FAA AIP Entitlement and Airport Infrastructure Grants (BIL)

- Runway 27 Safety Area Improvements (Logan)
- Airside Electrical Upgrades (Authority-Wide)
- Taxiway N Rehabilitation (Logan)
- Runway 5-23 Rehab (Hanscom)
- Runway 11-29 EMAS Replacements (Worcester)

FAA Airport Terminal Program (BIL)

- Logan Roadway Rehabilitation
- Terminal E CBP Optimization & Baggage Handling System Upgrades
- Terminal E Curbside Improvements
- Terminal E Expanded Domestic and International Bag Claim
- Terminal E Ticketing Hall Expansion and Improvements
- Terminal E Mechanical Equipment Replacement
- Air Traffic Control Tower Improvements

US DOT BUILD Grant

- Conley Terminal Container Storage
- Cypher-E Freight Corridor
- Conley Terminal Technology



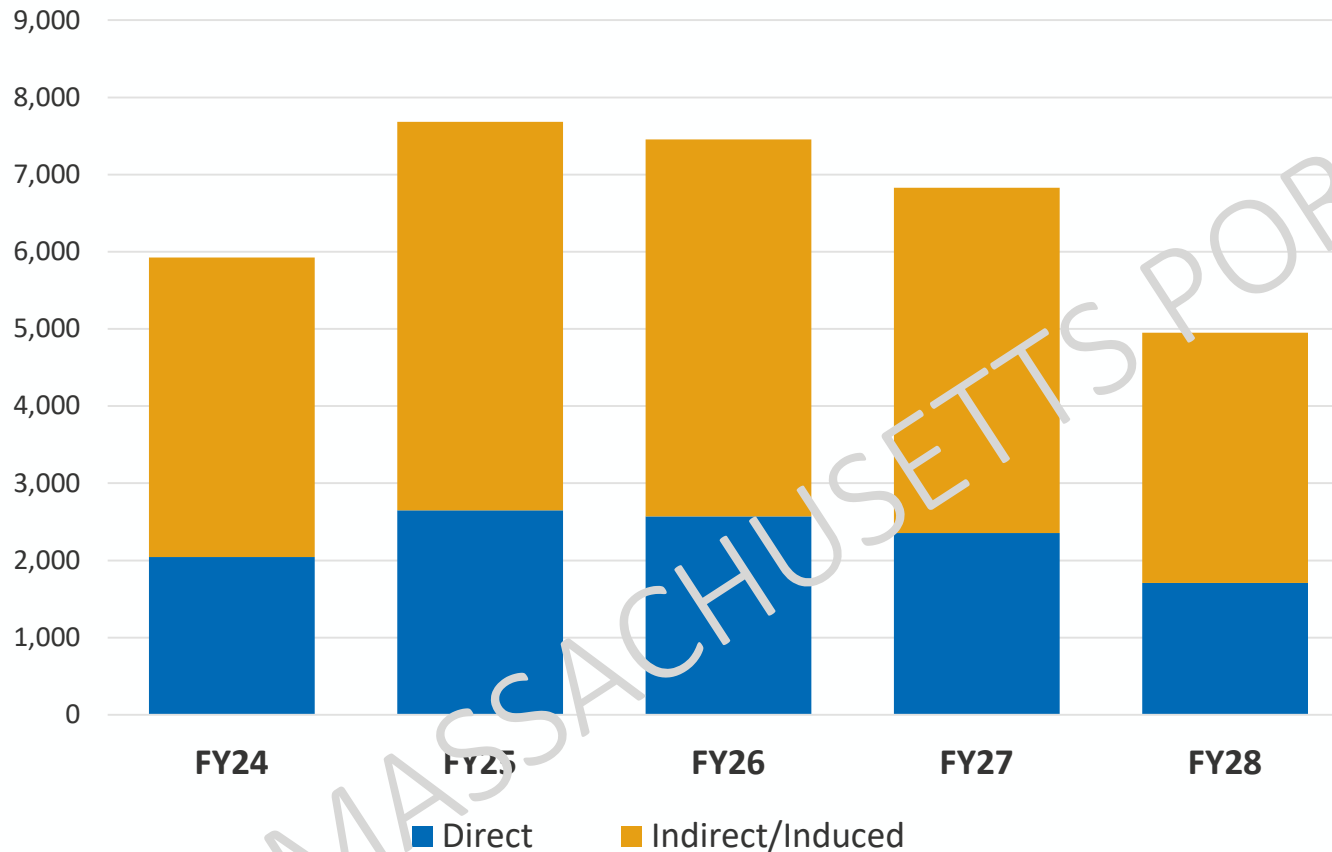
Conley Terminal Technology



Air Traffic Control Tower Improvements

The FY24-FY28 CIP will create nearly 33,000 jobs

Estimated 32,850 Full-Time Employees (FTEs) Created



- **11,325** jobs directly related to Massport construction projects
- **21,525** jobs supported through vendor and worker re-spending (multiplier effect)

Beyond the FY24-FY28 CIP, MPA will need to invest an additional \$5B+ over the next ten years to support the Commonwealth's economic, transportation and climate goals

	Restore Suspended Projects	Replace Aging Infrastructure	Fund New Strategic Initiatives	
Aviation	<ul style="list-style-type: none"> Terminal E 3 gates + Blue Line connection New Suburban LEX Site Logan Taxiway Y Replacement 	<ul style="list-style-type: none"> Terminal B Garage Replacement Terminal C Modernization Logan Rwy 4R/22L Runway Safety Area New Logan Air Traffic Control Tower 	<ul style="list-style-type: none"> Terminal B Renovations Airside Passenger Connections (A to B Pre-Security) Central Heating Plant Replacement (NZ) HOV Expansion (NZ) Green Bus Depot 2.0 Economy Garage 	Plus Inflation
Maritime/ REAM	<ul style="list-style-type: none"> Cruise Terminal Renovation 	<ul style="list-style-type: none"> Conley Terminal Yard Rehab Conley Terminal Ship-to-Shore Cranes Cruise Terminal Apron Boston Fish Pier Rehab 	<ul style="list-style-type: none"> Conley Berth Expansion & Crane Army Parcels Acquisition 	
Authority- Wide	<ul style="list-style-type: none"> Digital Transformation Projects 		<ul style="list-style-type: none"> Electrical Infrastructure/Capacity (NZ) Building Energy Efficiency (NZ) Fleet Decarbonization (NZ) Cybersecurity Solar/Wind Energy (NZ) 	

FY24-FY28 Capital Investment Financial Plan

John Prankevicius and Anna Tenaglia

March 21, 2024



Executive Summary

- Business activity is forecast to exceed pre-pandemic levels across most of Massport's transportation assets, next year and beyond
- As a result, financial capacity and earnings are forecast to increase by 17% over the next five years and will be used to finance the new \$3.2B FY24-FY28 CIP
- Operating revenues are increasing as business activity grows, but so too are expenses as services are added to support HOV and ground transportation goals, higher facility usage, as well as other inflationary cost pressures
- The five year capital funding finance plan is structurally balanced and diversified, using a mix of new earnings, new revenue bonds, Federal grant maximization, and other available capital funding resources
- There remains a large pipeline of unmet long-term investment needs, in addition to initiatives to improve and expand our HOV efficiency, enhance the customer experience, and meet our Net Zero goal, among others
- Looking ahead, advancing unmet capital needs and strategic initiatives will depend on expansion of Massport's financial capacity and earnings growth beyond the current base case
- Geopolitical tensions and economic risks, among others, are elevated and these risks could alter Massport's business, operational, and financial trajectories
- If necessary, we will adjust and adapt to externalities to serve our customers and constituencies while continuing to be an engine of economic growth for the Commonwealth

MASSACHUSETTS PORT AUTHORITY

Five Year Business Activity Forecast

Logan's near term passenger forecast reflects strong U.S. and regional economies as well as industry supply constraints

Economic Factors

U.S. Air Passenger Demand

- Economic growth
- Strong labor market
- Falling inflation

Boston Air Passenger Demand

- High discretionary income
- Strong international presence helping drive healthy international demand
- Universities and other institutions support domestic and international air travel
- Strong tourism and convention demand

Industry Challenges

Aircraft Constraints

- Continuing aircraft and engine production and supply chain delays
- Aircraft delivery delays are impacting the ability of airlines to up gauge aircraft and pursue growth opportunities at Logan

Industry Staffing Shortages

- *Air Traffic Control (ATC)* – FAA still faces a system-wide shortage of 3,000 ATC controllers, diminishing the overall capacity of controlled airspace
- *Airline pilots* – Although the industry has improved the pathway for pilot employment, the need for new pilots remains above historic rates

Massport's 5-year forecast reflects business activity improvements across most business lines that will support the FY24-FY28 CIP

	Logan Passengers		Conley Terminal Containers		Flynn Cruiseport Boston Passengers		Real Estate Revenue	
	Prior Forecast	New Forecast	Prior Forecast	New Forecast	Prior Forecast	New Forecast	Prior Forecast	New Forecast
2024	38.6	41.0	132	133	315	375	\$43.4	\$53.0
2025	42.1	42.2	137	137	324	445	\$46.4	\$52.0
2026	43.4	44.1	141	141	331	450	\$49.8	\$56.0
2027	44.8	45.3	145	145	338	460	\$52.3	\$59.0
2028	46.0	46.2	150	150	345	505	\$55.0	\$61.0
5-year Total	215 M	219 M	705K	706K	1.65M	2.2M	\$247.0M	\$281.0M
Change		+ 4.0 M		+ 1 K		+550 K		+\$34.0M

FY24-FY28 Financial Plan to Fund \$3.2B Capital Improvement Plan

An improved revenue forecast will fund the \$3.2B FY24-FY28 CIP, increased operating costs generated by higher business activity and other inflationary cost increases

Revenue Forecast

	FY23-FY27 Financial Plan	FY24-FY28 Financial Plan	Change
FY24	\$1.04B	\$1.14B	\$100M
FY25	\$1.04B	\$1.17B	\$130M
FY26	\$1.07B	\$1.25B	\$180M
FY27	\$1.11B	\$1.29B	\$180M
FY28	\$1.15B	\$1.33B	\$180M
			\$770M

FY25 Major Revenue Drivers:

Logan: \$989M, +\$109M, or 12% over FY24 budget

- \$500M in airline rates & charges revenues increase 5.5% over last year reflecting the recovery of operating expenses and capital costs
- \$375M in Logan variable revenues increases 14.6% due to a recalibration of current revenue trends for parking exits, terminal concession sales, rental car transactions, shuttle bus trip revenues, ride apps, and other
- Lease revenues (\$74M), utility cost recovery (\$13M), and other miscellaneous (\$17M) revenues increase overall by 8.5%

Hanscom/Worcester: \$25M, +\$1.5M, or 6%

- Increases in BED operations and ORH passengers drive revenue increases

Maritime: \$78.9M, +\$6.9M, or 10%

- \$6.2M more revenue generated by 5,000 additional Conley Terminal containers (\$2.5M) and 116,000 additional cruise passengers (\$3.7M)

Real Estate: \$53M, + \$7M, or 15%

- Reflects higher parking activity at the SBWTC based on current performance and higher commercial ground rents

Interest Income: \$23.5M

- Interest Income is expected to decline as the Fed lowers interest rates and cash balances are drawn down to fund the capital program

Business activity, on-airport shuttle buses, employee and passenger HOV services, strategic initiatives and community commitments increase operating expenses

Operating Expense Forecast

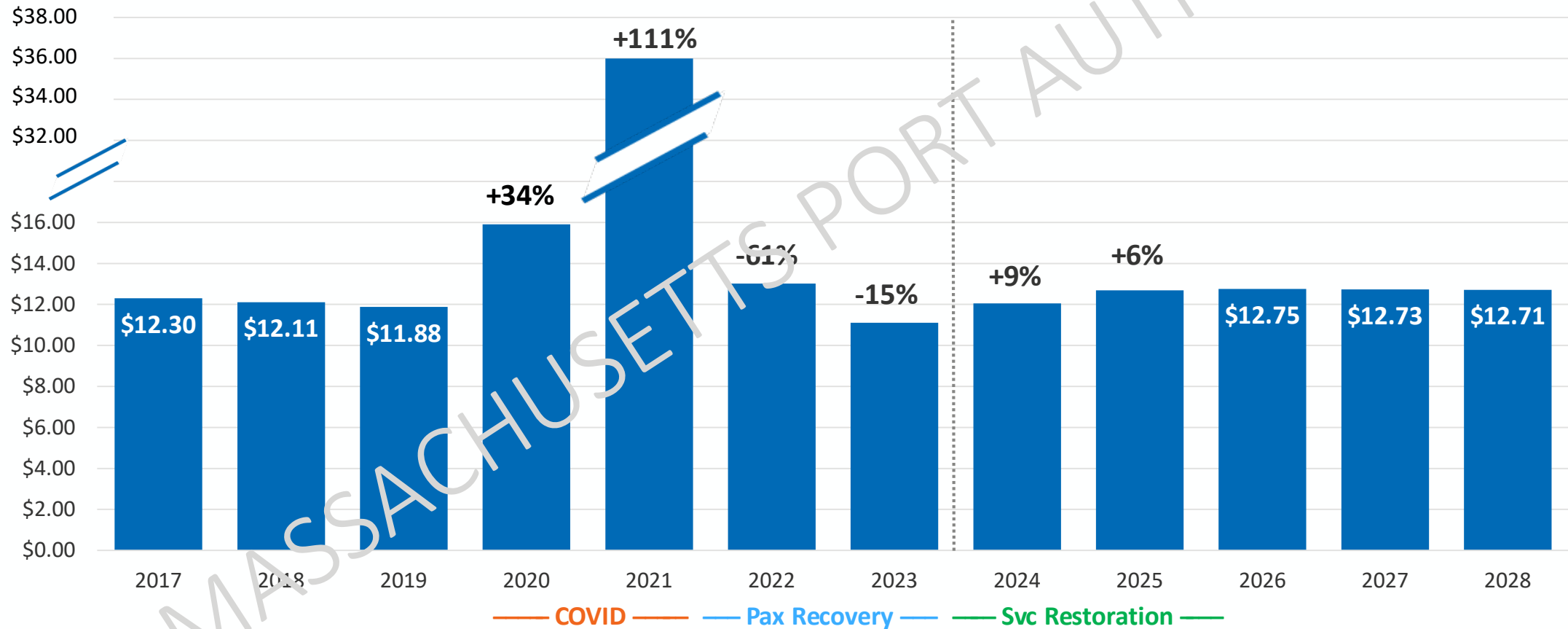
	FY23-FY27 Financial Plan	FY24-FY28 Financial Plan	Change
FY24	\$600M	\$615M	\$15M
FY25	\$592M	\$686M	\$94M
FY26	\$631M	\$752M	\$121M
FY27	\$668M	\$807M	\$139M
FY28	\$703M	\$851M	\$148M
			\$517M

FY25 Major Expense Drivers:

- On Campus bus operations, Airport employee busing and parking operations, added HOV transportation service contracts
- More terminal usage by passengers results in added cleaning; elevator, carousel, and mechanical service and maintenance; waste recycling, and other services
- Safety and security investment to mitigate impacts of Sumner Tunnel closure, new LEAP exercise, fire safety staffing, added police presence in South Boston and Piers Park, and additional safety officers
- Digital transformation resources to improve efficiencies and organizational performance and investments in cybersecurity to mitigate potential network threats
- Community contributions and mitigation commitments for Piers Park II, community milestones, PILOT payments, and other community/summer jobs programs
- Employee benefits increase, 6.5% additional headcount, new public safety investments, and higher Retirement & OPEB assessments from 2022 stock market losses

On an inflation adjusted basis, forecast operating expenses per passenger return to pre-pandemic levels ...

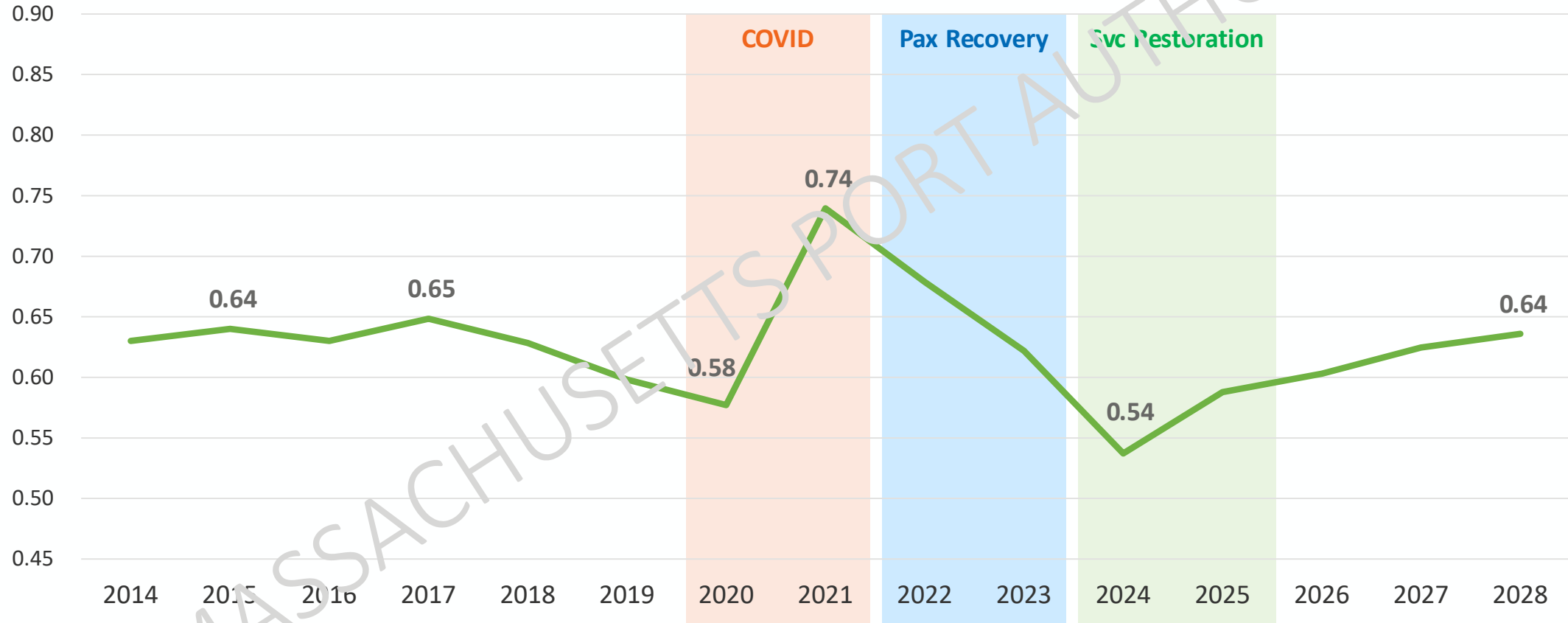
Real Operating Expense per Passenger (2017\$) and Annual Percent Change



Note: Future inflation based on 5-year historical average

... and the cost of revenue ratio adjusts to the pre-COVID level

Cost of Revenue Ratio (Budget Basis)



Massport's business activity growth helps generate 17% higher net earnings to finance the new FY24-FY28 CIP

Business Activity			
Year	Logan Passengers	Conley Containers	Cruise Passengers
FY24	41.0M	133K	375K
FY25	42.2M	137K	445K
FY26	44.1M	141K	450K
FY27	45.3M	145K	460K
FY28	46.2M	150K	505K



Five Year Financial Plan			
Revenue	Expense	Debt Service	Earnings for CIP
\$1,145M	\$615M	\$167M	\$363M
\$1,157M	\$686M	\$174M	\$307M
\$1,247M	\$752M	\$174M	\$321M
\$1,292M	\$807M	\$194M	\$291M
\$1,338M	\$851M	\$219M	\$268M



New 5-yr Net Earnings Forecast **\$1.55B**
Previous 5-yr Net Earnings Forecast **\$1.32B**
Change **\$230M, + 17%**



Massport’s 5-year finance plan is structurally balanced, using a mix of new earnings, Revenue Bonds, new Federal grants, and other sources

CIP Funding Sources

	FY23- FY27	FY24- FY28	Change
Net Earnings for CIP	\$ 1.32B	\$ 1.55B	\$230M
Bonds	\$ 437M	\$ 571M	\$134M
Previously Funded Projects	\$ 387M	\$ 479M	\$92M
Grants	\$ 390M	\$ 412M	\$22M
PFCs & Other Sources	\$ 123M	\$ 165M	\$ 42M
Total CIP Sources	\$2.7B	\$ 3.2B	\$ 520M

- **\$1.55B in forecast earnings will be used to finance** the FY24-FY28 CIP, \$230M more than last year
- **\$571M** in bond proceeds will be used to fund the CIP
 - Terminal E Operational Improvements
 - Framingham Logan Express Garage
 - Terminal E Garage
 - Terminal E Roadway & Curb
 - A to B Post Security Connector
 - *An additional \$500M+ in Bonds is expected to be issued in Years 29+ for projects included in CIP*
- **\$479M of previously funded projects** is carried over into current year program, an \$92M increase
- **\$125M of Federal BIL competitive grants, \$85M in Federal BIL formula grant funds, and \$190 in Federal AIP grants** is being used to support the CIP
- **\$110M** of Logan Passenger Facility Charges (PFCs) for airfield projects and **\$55M of other project funds** used for Cypher –E Freight Corridor, Terminal A, and other projects



Risks and challenges to achieving Massport's strategic initiatives and 5-year forecasts

1. Inflation/Economy

- Rising interest rates & Federal Reserve tightening
- Construction/operating costs impacts
- Real estate

2. Geopolitical Issues

- War in Ukraine and conflicts in Middle East
- International sanctions

3. Climate Change/Environment

- Regulations
- Infrastructure investment needs

4. Aviation Industry Challenges

- Aircraft and engine production
- Air traffic control staffing shortages
- Airline pilot shortages

5. Changing Customer Behaviors

- Airport access modes
- Time spent in airport

6. Technology

- Urban Air Mobility (UAM) –eVTOLs
- Autonomous vehicles

7. Traffic Congestion

- On-airport
- Gateways

8. Maritime Challenges

- Supply chain disruptions
- Change in shipping alliances and global trade
- Truck access
- Land use pressure

9. External Shocks and Threats

- Cyber breach
- Active shooter
- Extreme weather
- Terrorist acts
- Pandemics and world health

Next Steps

- **March Board Meeting Vote:**
 - Approve \$3.2 billion FY24-FY28 CIP
- **June Audit and Finance Committee**
 - Presentation of the FY25 operating budget
- **June Board Meeting Votes:**
 - Approve FY25 Operating Budget
 - Approve FY25 Airline Rates and Charges
 - Approve FY25 funds flow and other operating budget items
 - Approve Declaration of Intent to reimburse project costs from future bond sales

Safety & Security

Training Update

Hank Shaw

March 21, 2024



Massport hosted an Active Shooter Tabletop Exercise for Hanscom Field

Objectives

- Enhance the Hanscom Field Active Shooter Hostile Event Emergency Response Plan (ASHE)
- Heighten integrated emergency response, coordination, and communications
- Leverage national and state standards for ASHE program development
 - Adopt best practices and concepts of the National Fire Protection Association (NFPA) 3000 - - ASHE Standard
 - Align with Commonwealth guidance and ASHE policy and training

Highlights

- 50+ participants representing numerous local, state, and federal agencies including private sector partners
- Reviewed emergency response protocols to an active shooter / hostile event
- Identified potential emergency response challenges and solutions for enhancing planning and preparedness at Hanscom Field

Path Forward

- **April 2, 2024:** Public safety radio communications drill
- **May 7, 2024:** Multi-agency full scale exercise

Critical Concepts

- Tactical Threat Suppression
- Incident & Unified Command
- Integrated Response
- Public Safety Communications



Real Estate and Strategic Initiatives

Massport Marine Terminal Parcel 5B Amendment

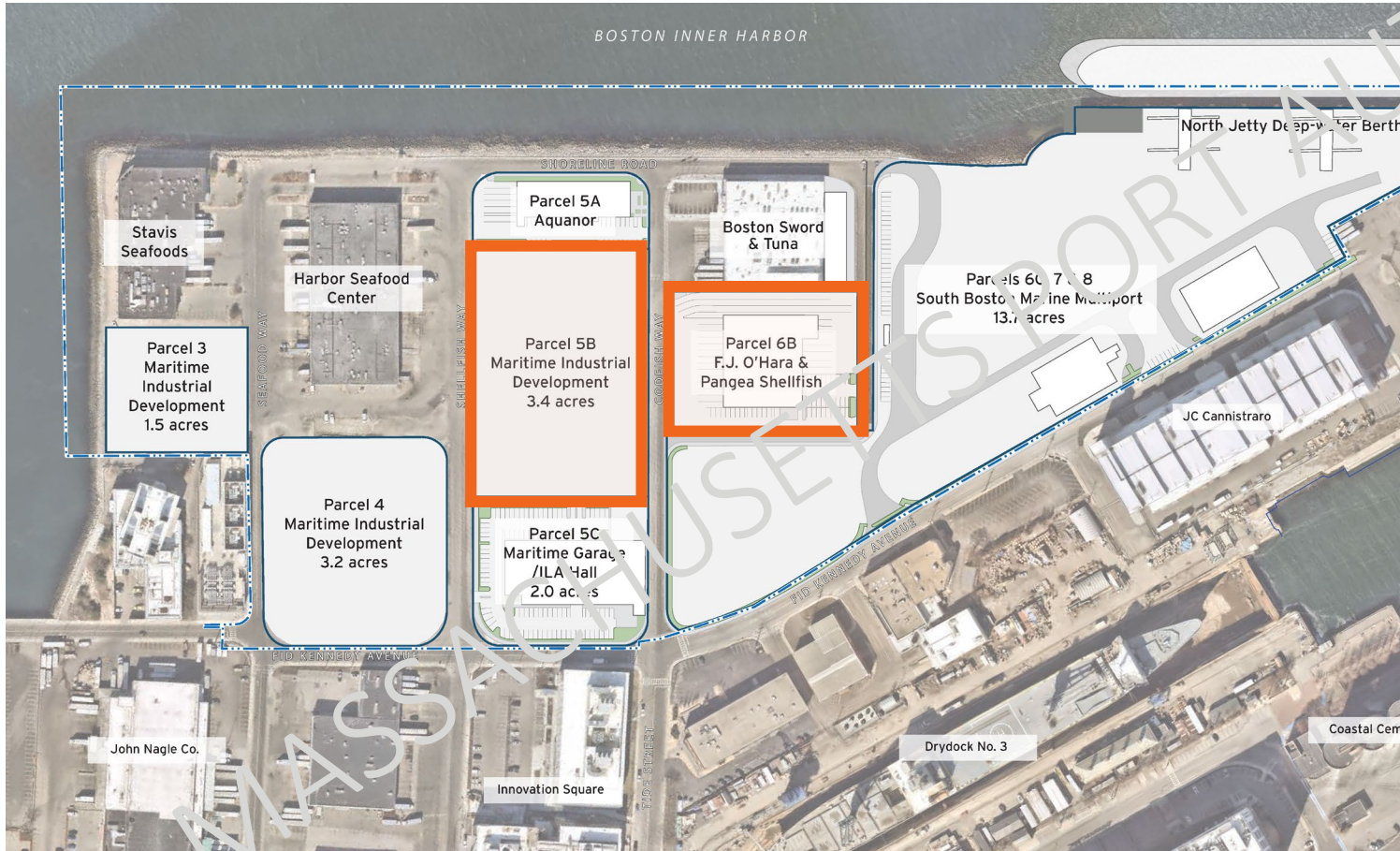
Andrew Hargens

March 21, 2024



Multiple Massport Marine Terminal development agreements require extensions due to ongoing Marine Park Master Plan Update regulatory process

DEP's upcoming determination of BPDA's Master Plan Update is pending



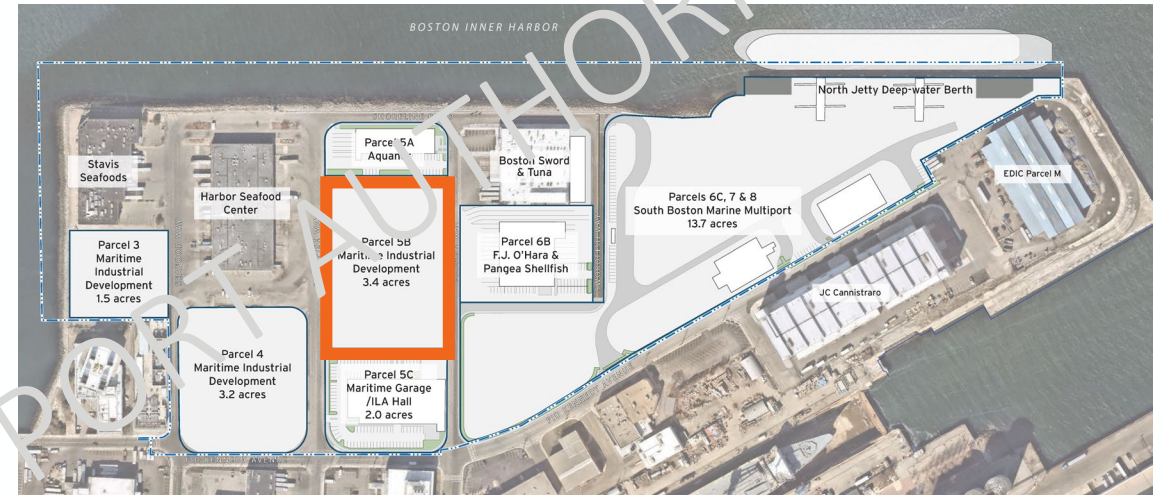
Raymond L. Flynn Marine Park Master Plan Update



City of Boston

Parcel 5B – Pilot Development pursuing first mixed maritime/general industrial project

- **Tenant:** Pilot Development
- **Project:** Ground floor maritime industrial use with approximately 150,000 SF to 200,000 SF of subsidizing upper-floor general industrial uses
- Pilot is exploring program and design options for the site while awaiting completion of DEP's review of the Plan Update
- **Staff Recommendation:** Extend the Outside Closing Date from April 30, 2024 to December 31, 2024



Massport Marine Terminal Parcel 6B Amendment

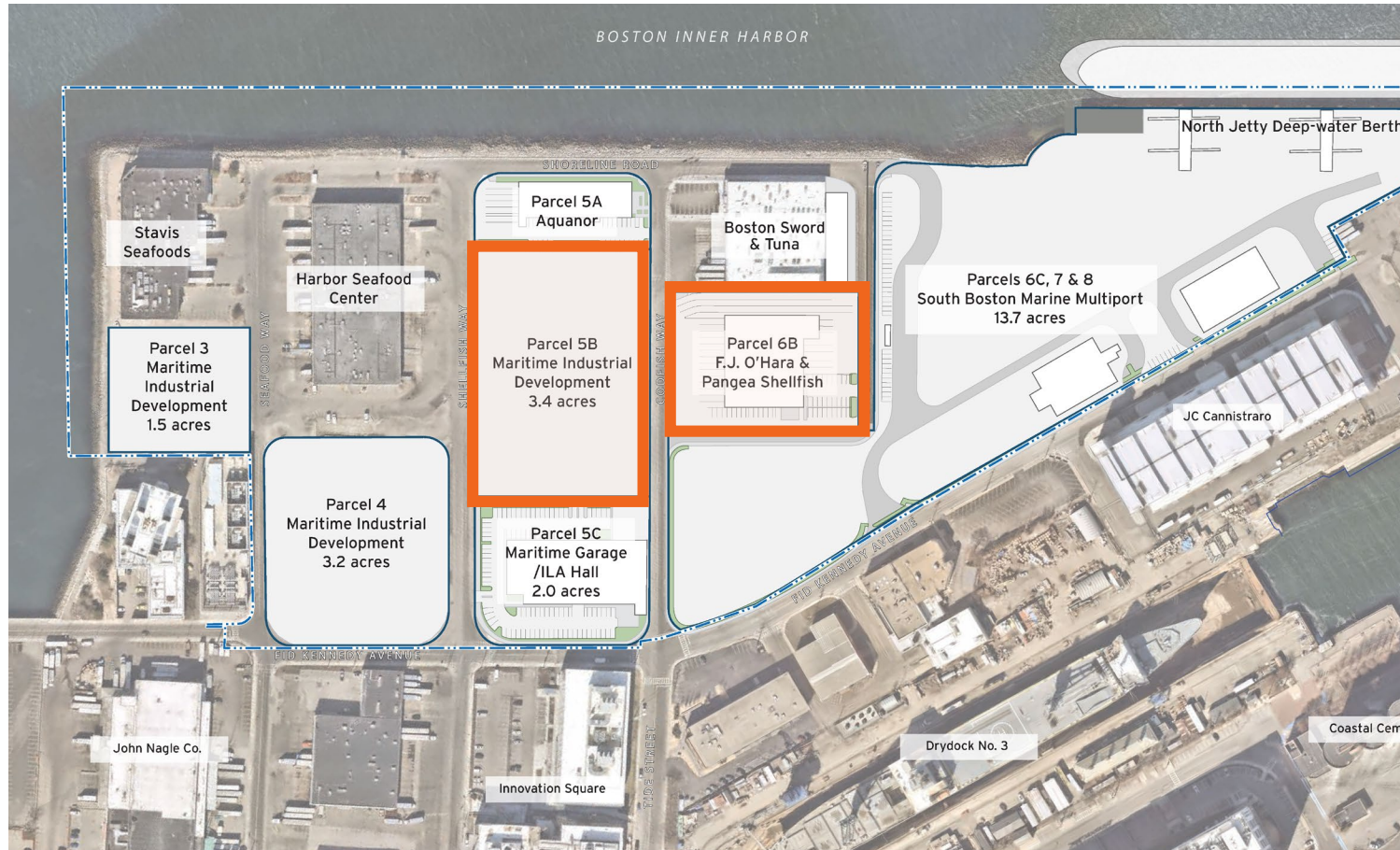
Andrew Hargens

March 21, 2024



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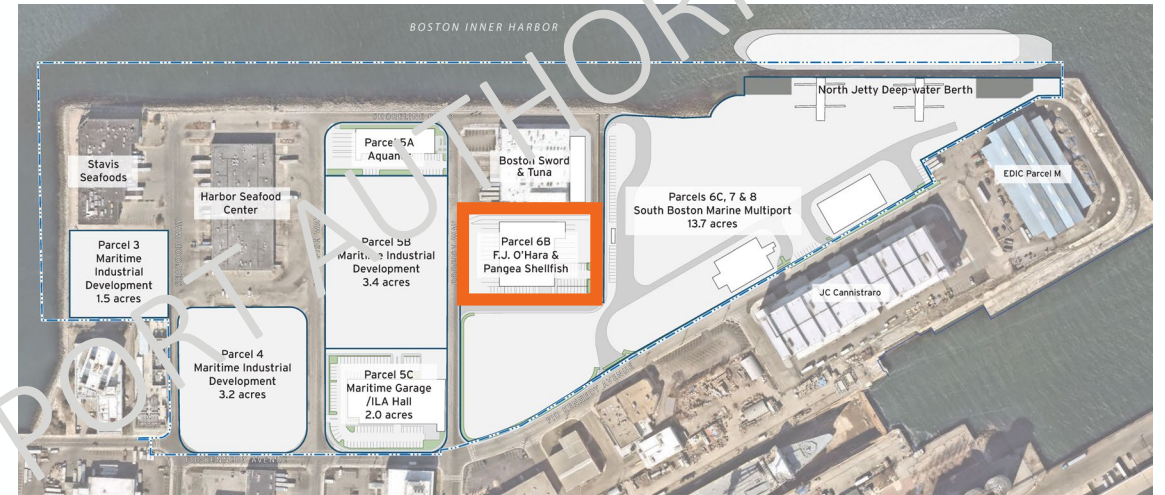
Raymond L. Flynn Marine Park Master Plan Update



City of Boston

Parcel 6B – New facility for F.J. O’Hara / Pangea Shellfish will strengthen seafood cluster

- **Tenant:** Pilot Development (with Marcus Partners) for F.J. O’Hara and Pangea Shellfish
- **Project:** 36,000 SF state-of-the-art seafood distribution and processing plant
- Marcus to fund project construction, contingent on the completion of DEP’s review of Plan Update and its bearing on their plans for a nearby parcel
- In addition, Pilot and sub-tenants seeking a reset of the ground lease term consistent with other ground-up projects at the MMT to support favorable project financing (this was the justification for Massport extending its underlying lease with the BPDA)
- **Staff Recommendation:**
 1. Extend Outside Closing Date from June 30, 2024 to December 31, 2024
 2. Extend the ground lease term from February 2070 to February 2095



South Boston Parking Facilities Operator Contract Amendment

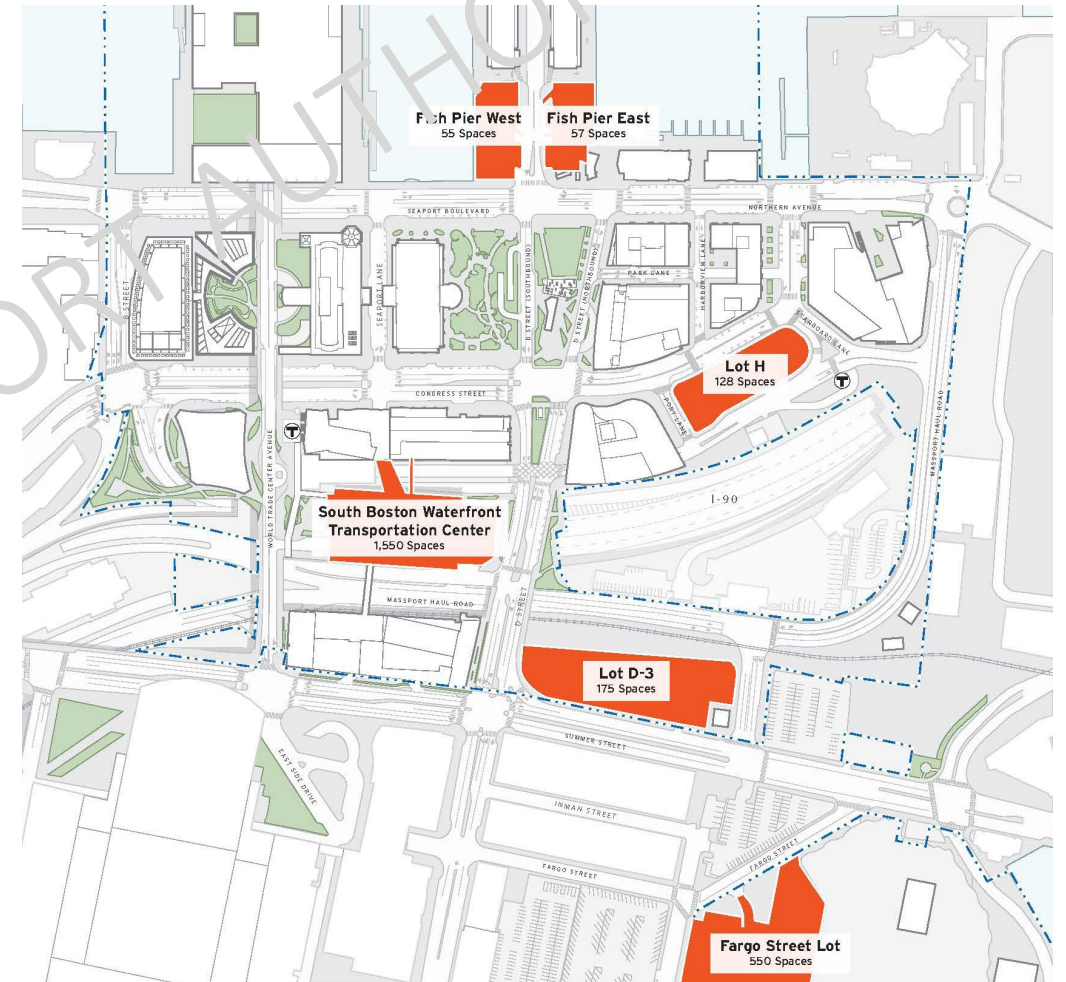
Andrew Hargens

March 21, 2024



Massport South Boston parking portfolio managed by SP +

- Over 2,500 spaces supporting Massport's mixed-use real estate portfolio
 - 1,550-space South Boston Waterfront Transportation Center garage
 - Approximately 1,000 spaces in 5 surface lots
- Strategically managed to meet the needs of contract parking for Massport tenants, event parking tied to Massport hotels, transient parking for restaurants patrons, visitors, etc.
- The portfolio generates approximately \$8M in revenue and \$1M in expenses annually
- SP+ manages all aspects of the parking facilities under a multi-year contract



Based on the strong SP+ performance to date, staff recommends executing the second 3-year option term under their current contract

- Massport selected SP+ in 2018 through a competitive RFP process
- SP+ has exceeded expectations regarding revenue capture and customer service through several key initiatives:
 - Opening of the SBWTC garage in 2018
 - Establishing off-site cruise parking at the Fargo Street Terminal
 - Creating effective branding, marketing, and pricing approaches
- The original contract included a 3-year term, followed by two 3-year options; the second 3-year option term ends March 31, 2024
- Staff recommends executing the second and final 3-year option term, which will extend the SP+ engagement to March 31, 2027
- Staff also recommends increasing the contract's not-to-exceed limit from \$6.6M to \$9.6M, which will allocate \$3M to cover allowable expenses and reimbursements during the final 3-year option term



Human Resources, Diversity, and Compensation

CEO Search Update

Chair Jacobs

March 21, 2024



Jarret Wright, Director of Cybersecurity - appointment to Deputy Director Information Technology/Chief Information Security Officer



- Jarret Wright has over 20 years of experience in cyber and physical security, intelligence analysis, policy development, and risk mitigation
- As Director of Cybersecurity he is responsible for protecting IT and Operational Technology assets, assessing third-party data risks, developing governance policies, and disaster recovery planning
- He previously served as Massport's Deputy Director of Corporate Security and Emergency Preparedness where he focused on maintaining a safe and secure environment for employees and passengers
- Prior to joining Massport, Jarret was a Protective Security Advisor at the Cybersecurity and Infrastructure Security Agency, a Senior Analyst at the National Counterterrorism Center, a Naval Intelligence Officer, and a Legislative Aide in the U.S. Senate.
- Jarret holds a MS in Cybersecurity Policy and Governance and a BA in History, both from Boston College

Audit and Finance

Logan Express Bus Operating Agreement Amendments

Peabody Logan Express
Framingham Logan Express
Braintree Logan Express
Back Bay Logan Express
Quincy Employee Shuttle

Dan Gallagher

March 21, 2024



Logan Express Service Contracts

- The Authority currently has five contracts providing Logan Express (LEX) bus services for air passengers and one contract for supplemental employee shuttle service
 - Peabody LEX
 - Framingham LEX
 - Braintree LEX
 - Back Bay LEX
 - Woburn LEX
 - Quincy Employee Shuttle (Braintree employees)
- These contracts were awarded on an individual basis and have varying termination dates
- Staff is proposing to extend all Logan Express contracts to align with the Authority's Net Zero strategies and goals, except Woburn, which expires in FY28



Logan Express contract extensions will facilitate the interim steps needed to transition to zero-emissions buses

Interim Steps

- Infrastructure planning and construction
- Procurement process for selecting and awarding new bus service contracts
- Procurement and fabrication of zero-emissions buses

LEX Service Contract	FY24		FY25				FY26				FY27		Existing Termination Date	Proposed Termination Date
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		
North Shore (Peabody/Danvers) (1 Year Extension)	Current	Current	Current	Proposed	Proposed	Proposed	Proposed						8/31/24	8/31/25
Framingham (1 Year Extension)	Current	Current	Current	Current	Current	Proposed	Proposed	Proposed	Proposed				2/28/25	2/28/26
Braintree (1 Year Extension)	Current	Current	Current	Current	Current	Current	Current	Proposed	Proposed	Proposed	Proposed		7/31/25	7/31/26
Back Bay (Exercise One-Year Option)	Current	Current	Current	Proposed	Proposed	Proposed	Proposed						8/31/24	8/31/25
Quincy (1 Year Extension)	Current	Current	Current	Proposed	Proposed	Proposed	Proposed						9/30/24	9/30/25

Current Contract Duration
 Proposed Extension

Logan Express Service Contract Amounts

LEX Service	Service Frequency (minutes)	Existing Term	Existing Not-to-Exceed	One-year Extension	Recommended Not-to-Exceed
Peabody (One-Year Extension)	60	10	\$16.5M	\$2.5M	\$19.0M
Framingham (One-Year Extension)	30	7	\$36.0M	\$6.0M	\$42.0M
Braintree (One-Year Extension)	30	7	\$36.1M	\$6.0M	\$42.1M
Back Bay (Exercise One-Year Option)	30	2	\$12.0M	\$6.0M	\$18.0M
Quincy (One-Year Extension)	30	1 year + 8 months	\$8.5M	\$5.0M	\$13.5M

Recommendation

- Staff recommends the Board approve one-year extensions to Braintree, Framingham, Peabody, and the Quincy Employee Lot Logan Express services, as well as the exercise of the one-year option for the Back Bay Logan Express service, in the recommended Not-to-Exceed amounts

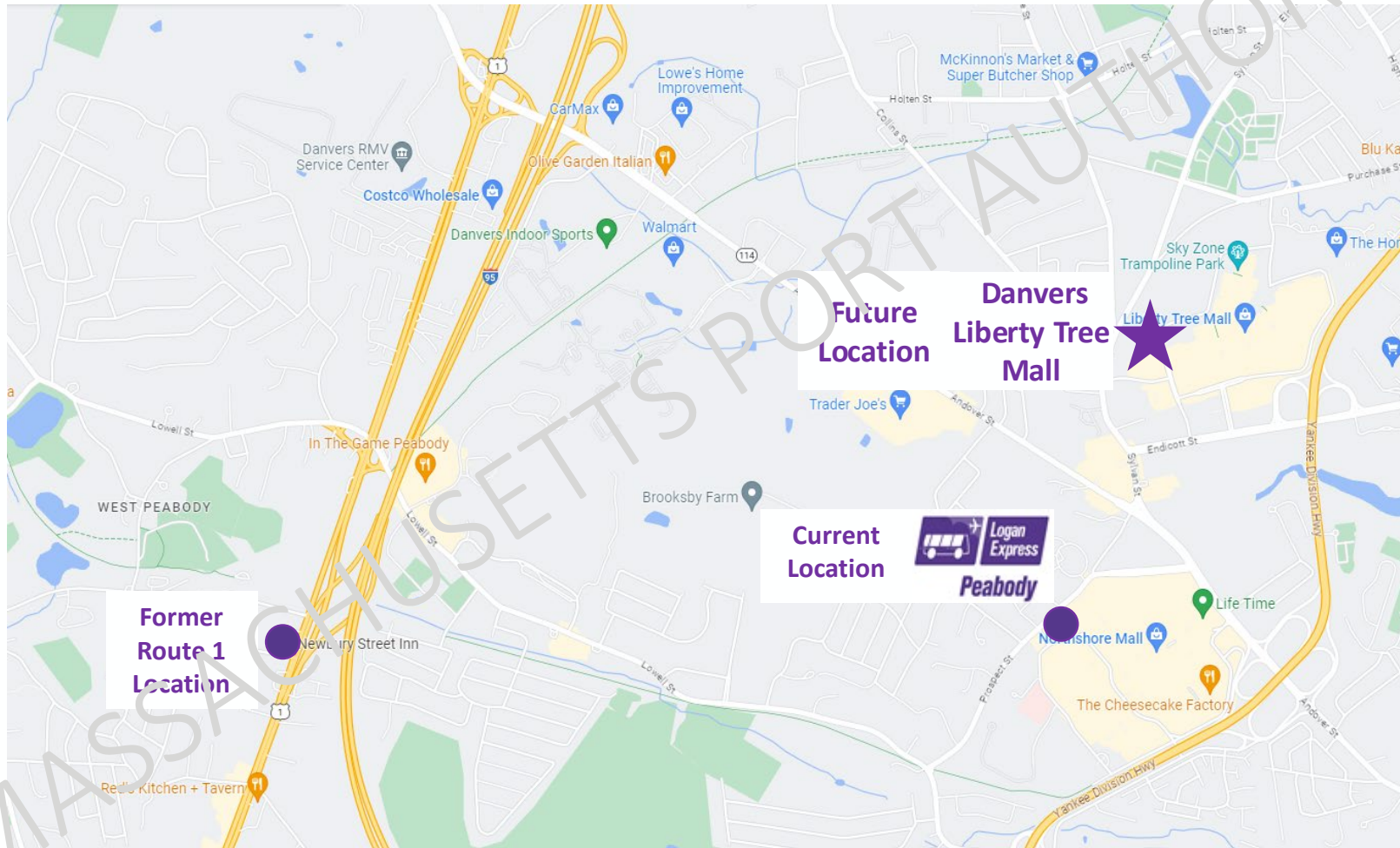
Danvers Logan Express Lease

Dan Gallagher

March 21, 2024



Massport and Simon Property Group have reached agreement for a permanent Logan Express location on the North Shore, allowing continued growth of HOV services

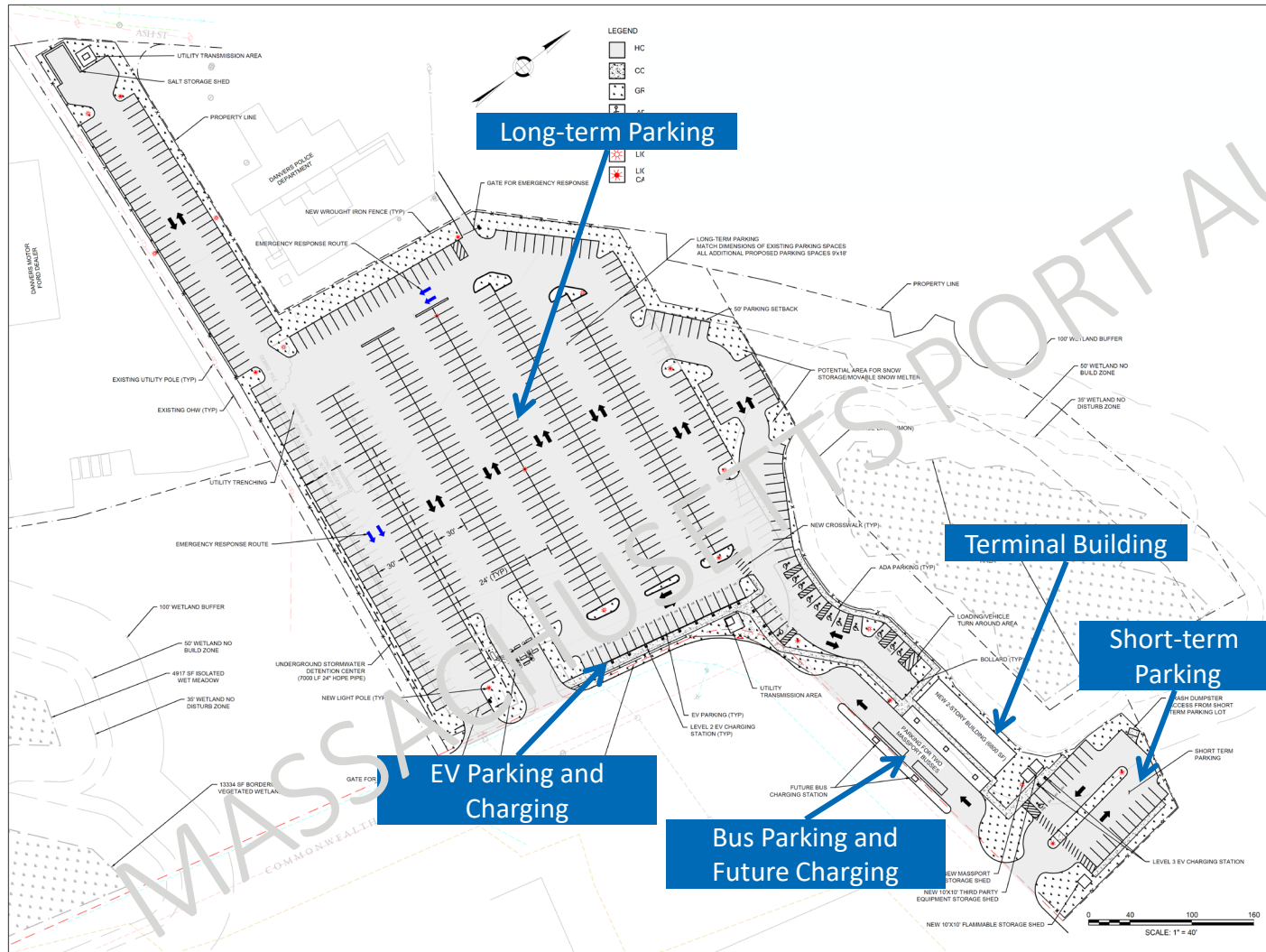


Danvers Logan Express Lease Agreement Terms

- Simon has agreed to lease Massport a roughly 6.8 acre parking parcel at the Liberty Tree Mall in Danvers
- The Liberty Tree Mall site is less than 1.5 miles from the current Northshore Mall site, and will provide more than double the parking capacity
- Simon and Massport agreed to a ten-year term, with three ten-year options at the Authority's sole discretion
- Massport has an offer to purchase option in the agreement, subject to tenant/subtenant approvals
- Year 1 rent: \$642K, escalating by 10% every five years
- Simon has offered Northshore Mall Parking Agreement through June 30, 2024



Danvers Logan Express parcel will have capacity for 573 spaces, more than double the Northshore Mall location



PARKING TOTALS

TOTAL LONG-TERM SPACES (NOT INCLUDING ADA/EV):	518
LONG-TERM ADA SPACES:	11
LONG-TERM EV SPACES:	23
LONG-TERM ADA-EV SPACES:	1
TOTAL LONG-TERM SPACES:	553
TOTAL SHORT-TERM SPACES (NOT INCLUDING ADA/EV):	16
SHORT-TERM ADA SPACES:	1
SHORT-TERM EV SPACES:	3
TOTAL SHORT-TERM SPACES:	20

LEGEND

	HOT MIX ASPHALT
	CONCRETE
	GRASS/LANDSCAPING
	ADA PARKING
	EV PARKING
	LIGHT POLE
	LIGHT POLE W/ MOUNTED CAMERA

Recommendation

Staff recommends the Board authorize execution of a ten-year lease agreement with three ten-year options with Mayflower Realty LLC Series-A d/b/a Liberty Tree Mall/Mall at Liberty Tree LLC

Assent Agenda

MASSACHUSETTS PORT AUTHORITY

Executive Session

MASSACHUSETTS PORT AUTHORITY